

1716 W. Adams
Phoenix, AZ 85007

Phone:
(602) 926-5491
Fax:
(602) 926-5416



www.azleg.gov/jlbc.htm

*"January was
the sixth
consecutive
month of year-
over-year
growth in base
General Fund
revenue
collections."*

This report has been
prepared for the Arizona
Legislature by the Joint
Legislative Budget
Committee Staff on
February 25, 2011.

Summary

January was the sixth consecutive month of year-over-year growth in base General Fund revenue collections. General Fund revenues totaled \$809.9 million. Excluding the temporary 1-cent sales tax, these collections were 7.5% above last year.

January revenue growth was driven by gains in sales tax collections along with increased individual income tax collections. While the increase in Individual income tax collections is likely due to withholding changes, the growth in sales tax collections during the holiday retail season is clearly a significant development in the state's economic recovery. January is the fourth consecutive month to show positive year-over-year growth in sales tax collections, however, the 6.2% increase is significantly higher than in prior months.

Beginning with this February report, we are comparing actual revenue collections to the Baseline consensus forecast published last month. The Baseline forecast is based on estimates presented at the January Finance Advisory Committee meeting.

General Fund collections were above the forecast by \$41.4 million in January.

January 2010 General Fund spending was \$773.7 million, or \$(199.0) million below last year. January expenditures were lower than the prior year due to ADE funding reductions, along with changes to the University payment schedule from the prior year.

Fiscal year-to-date, General Fund revenues of \$4.9 billion have been offset by \$5.9 billion in spending, for a 6-month deficit of \$(1.0) billion.



February Reports

The JLBC Staff released the following 2 reports in February:

State Appropriations Limit – JLBC Staff is required to annually report by February 15 on how state spending compares to the constitutional appropriations limit. The Arizona Constitution limits the appropriation of certain state revenues to no more than 7.41% of Arizona personal income. Total FY 2011 state appropriations (both General and Other Funds) would be \$12.76 billion, or 5.74% of personal income. The FY 2012 JLBC Baseline includes spending of \$13.59 billion, which continues to be 5.74% of personal income.

Truth in Taxation Report – Every February, county assessors update their estimates of assessed property value. Based on that information, JLBC Staff is statutorily required to publish the K-12 qualifying tax rate (QTR) for the upcoming year under the truth in taxation (TNT) provisions. Based on property data received from the county assessors this month, growth in new construction will be 1.5%, which is (0.8)% less than assumed under the FY 2012 JLBC Baseline.

The impact of the lower-than-projected new construction growth is that the Arizona Department of Education's formula costs will increase by \$14.3 million in FY 2012 relative to the JLBC Baseline.

Table of Contents

Summary

- February Reports..... 1

January Revenues..... 2

Economic Indicators 4

Summary of Recent Agency Reports

- ADOA – Working Capital Surplus 7

- ADOA/Treasurer – FY 2010 GF Balance 7
- ACJC – State Aid Funds..... 7
- DPS – GIITEM Quarterly Report 7
- DPS – Photo Enforcement 7
- Postsecondary Education – Grant Program .. 7
- DOR – Temporary Collectors 8
- January Spending 9

January Revenues

Table 1

General Fund Revenues (\$ in Millions)			
	FY 2011 Collections	Difference From Budget Forecast	Difference From FY 2010
January	\$ 809.9	\$ 41.4	\$ (631.3)
Year-to-Date	\$ 4,917.5	\$ 41.4	\$ 119.1

Sales Tax collections were \$421.5 million in January. Excluding the \$82.6 million from the temporary 1-cent increase, collections were \$339.0 million, or 6.2% above January 2010.

Table 2 displays the January growth rates for the largest categories.

Table 2

Sales Tax Growth Rates Compared to Prior Year		
	January	YTD
Retail	4.2%	1.3%
Contracting	4.2%	(12.1)%
Utilities	1.1%	1.2%
Use	5.4%	(0.4)%
Restaurant & Bar	10.6%	3.4%

Retail and contracting together account for about 60% of all sales tax revenues. Retail collections were relatively strong compared to January of last year. Contracting was also strong compared to January of last year; however, losses earlier in the year continue to weigh down the year-to-date growth.

Including the 1-cent increase, collections were \$9.2 million above the January JLBC Baseline forecast.

Individual Income Tax net revenues were \$362.5 million in January, or 11.0% above the prior year. Collections were \$14.9 million above the new forecast. Year-to-date, revenues have grown 10.0% and are \$14.9 million above forecast through January.

As indicated in Table 3 below, withholding tax payments increased by 13.1% in January, making 10 of the past 11 months positive. This increase continues to be difficult to interpret due to changes in the state withholding system. (See the August MFH for additional information.)

Given the relatively flat growth in wages and salaries, however, it is increasingly likely that taxpayers are over-withholding and some of those gains will result in higher refunds in April.

As a result, the Department of Revenue has further revised the withholding schedule by adding additional lower withholding options. These options became available on January 1, 2011.

Table 3

Individual Income Tax Growth Rates Compared to Prior Year		
	January	YTD
Withholding	13.1%	6.7%
Estimated +	(0.8)%	(0.1)%
Final Payments		
Refunds	(6.4)%	(22.1)%

Corporate Income Tax net collections were \$25.3 million in January, or \$(10.7) million less than the prior year. Collections were \$19.1 million above the new forecast. Year-to-date through January, revenues are up 80.1% and are \$19.1 million above forecast.

The **Lottery Commission** reports that January ticket sales were \$54.4 million, which is \$0.8 million, or 1.5%, above sales in the prior year. Year-to-date, ticket sales are \$323.6 million, which is 6.5% above last year's sales. The General Fund share of sales has increased significantly more than overall sales, however, due to changes in the distribution formula.

Non-General Fund

Tobacco Tax revenues were \$29.6 million in January. Collections were up 7.7% compared to the prior year, and were \$(2.0) million below the budget estimate for the month. Year-to-date collections are down (0.6)% and are \$(3.0) million below the budget estimate.

Less than 10% of tobacco taxes are deposited directly into the General Fund. The remainder primarily goes to AHCCCS and the Department of Health Services to defray the General Fund cost of operating those programs, along with funding the Early Childhood Development and Health Board.

"[Base sales tax] collections were \$339.0 million, or 6.2% above January 2010."

January Revenues (Continued)

Highway User Revenue Fund (HURF) revenues consist of gasoline and use fuel (diesel) tax, motor carrier fees (commercial carriers), vehicle license tax and registration fees, and

various other fees. HURF collections of \$102.7 million in January were down \$(2.3) million or (2.2)% compared to January of last year. Year-to-date, revenues have grown 1.6%.

Table 4

General Fund Revenue: Change from Previous Year and Enacted Budget Forecast January 2010

	Current Month					FY 2011 YTD (Seven Months)				
	Actual January 2011	Change From				Actual January 2011	Change from			
		January 2010		Forecast			January 2010		Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
Taxes										
Sales and Use w/o 1¢ *	\$338,961,556	\$19,648,117	6.2 %	\$5,598,326	1.7 %	\$2,023,724,448	\$11,781,880	0.6 %	\$5,598,327	0.3 %
Income - Individual	362,495,854	35,896,737	11.0	14,851,646	4.3	1,956,935,699	177,530,654	10.0	14,851,647	0.8
- Corporate	25,284,392	(10,731,950)	(29.8)	19,131,174	310.9	266,243,308	118,394,807	80.1	19,131,172	7.7
Property	792,409	190,856	31.7	142,409	21.9	11,776,476	(296,303)	(2.5)	142,409	1.2
Luxury - Tobacco	2,734,538	607,253	28.5	(18,221)	(0.7)	14,614,084	(522,483)	(3.5)	(18,221)	(0.1)
- Liquor	4,249,428	2,018,074	90.4	1,312,479	44.7	17,575,849	1,426,534	8.8	1,312,474	8.1
Insurance Premium	110,737	58,860	113.5	110,737	--	177,442,592	3,684,423	2.1	110,736	0.1
Estate	0	(51,444)	(100.0)	0	--	437,372	52,544	13.7	0	0.0
Other Taxes	67,255	7,349	12.3	(55,245)	(45.1)	832,227	315,411	61.0	(55,246)	(6.2)
Sub-Total Taxes	\$734,696,169	\$47,643,852	6.9 %	\$41,073,305	5.9 %	\$4,469,582,056	\$312,367,467	7.5 %	\$41,073,299	0.9 %
Other Revenue										
Lottery	6,553,640	3,006,540	84.8	1,553,640	31.1	23,385,269	4,300,569	22.5	1,553,639	7.1
License, Fees and Permits	3,075,661	877,283	39.9	1,275,661	70.9	16,334,804	823,098	5.3	1,275,660	8.5
Interest	279,251	342,587	--	(11,188)	(3.9)	2,538,812	1,427,610	128.5	(11,189)	(0.4)
Sales and Services	1,329,968	(10,896)	(0.8)	(2,670,032)	(66.8)	11,349,635	(1,684,119)	(12.9)	(2,670,033)	(19.0)
Other Miscellaneous	2,253,506	724,974	47.4	(246,494)	(9.9)	12,095,669	(10,107,529)	(45.5)	(246,494)	(2.0)
Disproportionate Share	0	0	--	0	--	27,146,306	27,146,306	--	0	0.0
Transfers and Reimbursements	333,008	(547,790)	(62.2)	(3,166,992)	(90.5)	14,313,081	(19,159,355)	(57.2)	(3,166,992)	(18.1)
Sub-Total Other Revenue	13,825,034	4,392,698	46.6 %	(3,265,405)	(19.1) %	107,163,576	2,746,581	2.6 %	(3,265,407)	(3.0) %
TOTAL BASE REVENUE	\$748,521,203	\$52,036,550	7.5 %	\$37,807,900	5.3 %	\$4,576,745,632	\$315,114,048	7.4 %	\$37,807,892	0.8 %
Other Adjustments										
Urban Revenue Sharing	(39,500,543)	12,886,509	--	0	0.0	(276,503,802)	90,205,563	--	0	0.0
1¢ TPT Increase*	82,561,609	82,561,609	--	3,554,523	4.5	477,447,269	477,447,269	--	3,554,522	0.8
Budget Plan Transfers	18,295,980	(43,338,632)	(70.3)	0	0.0	139,823,539	(28,274,843)	(16.8)	0	0.0
Leaseback Proceeds	0	(735,419,300)	(100.0)	0	--	0	(735,419,300)	(100.0)	0	--
Sub-Total Other Adjustments	61,357,046	(683,309,814)	(91.8) %	3,554,523	6.1 %	340,767,006	(196,041,311)	(36.5) %	3,554,522	1.1 %
TOTAL GENERAL FUND REVENUE	\$809,878,249	(\$631,273,264)	(43.8) %	\$41,362,423	5.4 %	\$4,917,512,638	\$119,072,737	2.5 %	\$41,362,414	0.8 %
Non-General Funds										
Highway User Revenue Fund	\$102,690,000	(\$2,343,000)	(2.2) %	(\$3,918,611)	(3.7) %	\$694,922,000	\$10,666,000	1.6 %	\$402,540	0.1 %
Tobacco Tax (All Funds Total)	\$29,564,394	\$2,115,758	7.7 %	(\$1,974,565)	(6.3) %	\$192,316,869	(\$1,136,436)	(0.6) %	(\$2,985,421)	(1.5) %

* Sales and Use line excludes revenue from the temporary 1¢ increase approved by the voter in May 2010. That revenue is shown under One-Time Revenues. Total January collections including the 1¢ increase were \$421.5 million. This amount is \$102.2 million, or 32.0%, above January 2009 and \$9.2 million, or 2.2%, above forecast. Year to date, total collections including the 1¢ increase were \$2.50 billion. This amount is \$489.2 million, or 24.3%, above January 2009 and \$9.2 million, or 0.4%, above forecast.

Economic Indicators

NATIONAL

The Conference Board's **U.S. Consumer Confidence Index** increased by 7.6 points in January to 60.6, the highest reading since May 2010. January's rise in consumer confidence resulted from both an improved economic outlook over the next 6 months as well as a more positive assessment of current conditions. The report indicated that the share of respondents that plan to purchase an automobile within the next 6 months increased to 5.1%, the highest reading since November 2010.

The Conference Board's **U.S. Index of Leading Economic Indicators** rose 0.1% in January, following a 0.8% increase in December, signaling that the economic expansion may extend into this year. Slower delivery times, an increase in stock prices, and a favorable interest-rate spread outweighed negative contributions from higher first-time jobless claims and lower building permitting activity.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased by 0.4% in January, following a 0.4% increase in December. Excluding food and energy, core consumer prices rose by 0.2%. Compared to January 2010, overall consumer prices were up by 1.7% and the core CPI was up by 0.9%. Outside of food and energy prices, the inflation rate remains relatively muted.

ARIZONA

Employment

Due to the Arizona Department of Commerce's annual revision of employment data (also known as "benchmarking"), January's employment and unemployment figures will not be released until the first week of March. For this reason, this month's issue of *Monthly Fiscal Highlights* does not include any employment statistics.

The state's unemployed filed a total of 29,123 **initial claims for unemployment insurance** in January, a 25.5% increase over the prior month. Initial claims typically rise in January due to the layoff of seasonal retail workers. Compared to the same month in the prior year, first-time claims in January were down by (7.7)%, the 15th consecutive month with year-over-year declines.

Claims peaked in April 2009 when more than 41,000 individuals filed for initial jobless benefits. See [Tracking Arizona's Recovery](#), for additional historical information.

January's **Arizona Consumer Confidence Index** of 62.8 was the highest reading since May 2008 when the index was 73.4. Most of January's advance of 5.6 points was driven by improved expectations over the next 6 months as opposed to assessments of current conditions. The fact that consumer confidence has improved in each of the last 3 quarters suggests that Arizonans are becoming increasingly more optimistic about their near-term employment and income prospects. This bodes well for the future, as improved consumer sentiments typically result in additional spending on durable goods, such as electronic appliances and autos.

Housing

In January, the number of new Maricopa County **foreclosure notices** increased 17.6% from December levels to 6,783.

The number of Maricopa County **pending foreclosures** decreased in January. The January total of 39,958 is (22.4)% below the peak in December 2009 (51,466). See [Tracking Arizona's Recovery](#), for additional historical information.

While foreclosure notices and pending foreclosures continue their decline from recent highs, they continue to be a major influence on existing home sales and the respective prices. In the Metropolitan Phoenix area in January, there were a total of 8,325 **existing single-family home sales** that resulted in a **median resale home price** of \$131,660. Relative to the prior year, the number of sales is up 7.8%, while prices are (7.9)% lower. Of the existing sales, 43.5%, or 3,620 were foreclosures.

State Agency Data

In February, **AHCCCS caseloads** equaled 1.34 million members, a 0.1% increase over the prior month. AHCCCS caseloads are currently (1.3)% below February 2010 levels. Total enrollment reached its peak in June 2010, and has declined slowly since then. The FY 2011 budget funded a projected February 2011 caseload growth of 4.5% above February 2010 levels, for a total of 1.42 million members.

"AHCCCS caseloads are currently (1.3)% below February 2010 levels. Total enrollment reached its peak in June 2010, and has declined slowly since then."

Economic Indicators (Continued)

"In January, there were a total of 1.1 million food stamp recipients in the state...compared to the same month last year, food stamp participation was up by 3.3%."

There were 43,800 **TANF recipients** in the state in January, a monthly caseload decrease of (2.7)%. Year-over-year, the number of TANF recipients has declined by (47.7)%. This decline is the result of changes to the statutory lifetime limit a person may receive cash assistance. Beginning in July, recipients can only receive benefits for a maximum of 36 months in a lifetime. Previously, the maximum had been 60 months. This change resulted in a caseload decline of approximately (16,000) recipients. The FY 2011 budget assumed caseloads of approximately 70,000 in FY 2011.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In January, there were a total of 1.1 million food stamp recipients in the state, a 1.1% increase over the prior month. Compared to the same month last year, food stamp participation was up by 3.3%. The number of food stamp recipients began increasing steadily in July 2007, after several years in the 550,000 to 575,000 range.

The 3-month average count of the **Department of Correction's (ADC) inmate population** declined to 40,146 inmates between October and December 2010. Relative to the prior period the population has decreased by (110), and compared to a year ago the population has declined by (433) inmates.

Economic Indicators (Continued)

Table 5

ECONOMIC INDICATORS

<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
Arizona				
- Unemployment Rate	December	9.4%	0.0%	0.2%
- Initial Unemployment Insurance Claims	January	29,123	25.5%	(7.7)%
- Unemployment Insurance Claimants	December	65,644	(7.3)%	(33.0)%
- Non-Farm Employment - Total	December	2.45 million	0.1%	1.5%
Manufacturing	December	149,900	0.9%	(0.3)%
Construction	December	113,700	(3.6)%	(0.6)%
- Average Weekly Hours, Manufacturing	December	40.8	0.5%	5.2%
- Contracting Tax Receipts (3-month average)	Nov-Jan	\$33.9 million	3.3%	(1.3)%*
- Retail Sales Tax Receipts (3-month average)	Nov-Jan	\$150.3 million	13.5%	3.2%*
- Residential Building Permits (3-month moving average)				
Single-unit	Sep-Nov	689	(13.0)%	(33.4)%
Multi-unit	Sep-Nov	199	21.8%	245.7%
- Greater Phoenix Existing Home Sales				
Single-Family	January	8,325	2.1%	7.8%
Townhouse/Condominium	January	1,320	(0.4)%	14.8%
- Greater Phoenix Median Home Sales Price				
Single-Family	January	\$131,660	1.4%	(7.9)%
Townhouse/Condominium	January	\$85,000	1.3%	(14.6)%
- Foreclosure Activity, Maricopa County				
Foreclosure Notices (Notice of Trustee's Sales Recorded)	January	6,783	17.6%	0.3%
Pending Foreclosures (Active Notices)	January	39,958	(3.7)%	(19.5)%
- Greater Phoenix S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	December	103.10	(1.7)%	(8.3)%
- Arizona Months Supply of Housing, (ARMLS)	January	6.6 months	1.5 months	(0.6) months
- Phoenix Sky Harbor Air Passengers	December	3.33 million	4.2%	2.8%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	November	\$6.01	9.1%	(19.2)%
- Arizona Consumer Confidence Index (1985 = 100)	1 st Quarter 2011	62.8	11.5%	25.1%
- Arizona Coincident Index (July 1992 = 100)	December	180.33	0.2%	1.4%
- Arizona Personal Income	3 rd Quarter 2010	\$225.4 billion	0.7%	3.4%
- Arizona Population	April 1, 2010	6.39 million	N/A	N/A
- AHCCCS Recipients	February	1,344,227	0.1%	(1.3)%
- TANF Recipients	January	43,800	(2.7)%	(47.7)%
- SNAP (Food Stamps) Recipients	January	1,063,898	1.1%	3.3%
- ADC Inmate Growth (3-month average)	Oct-Dec	40,146	(110) inmates	(433) inmates
- Probation Caseload (Adult/Juvenile)				
Non-Maricopa	December	19,595	0	(290)
Maricopa County	December	26,093	(148)	(3,181)
United States				
- Gross Domestic Product (Chained 2005 dollars, SAAR)	4th Quarter 2010 (Second Estimate)	\$13.4 trillion	3.2%	2.8%
- Consumer Confidence Index (1985 = 100)	January	60.6	13.7%	7.3%
- Leading Indicators Index (2004 = 100)	January	112.3	0.1%	4.4%
- U.S. Semiconductor Billings (3-month moving average)	Aug-Oct	\$4.81 billion	0.0%	30.7%
- Consumer Price Index, SA (1982-84 = 100)	January	221.1	0.4%	1.7%

*Adjusted for 1¢ sales tax

Summary of Recent Agency Reports

Arizona Department of Administration – Report on Working Capital Surplus – Pursuant to A.R.S. § 41-707, the Arizona Department of Administration (ADOA) reported on the FY 2010 working capital surplus requirements for tax-exempt deficit financing entered into by the state after January 1, 2009. Since this date, the state has entered into 3 deficit financing agreements: 2 transactions involving the sale/leaseback of state properties totaling \$1.0 billion and lottery revenue bonds totaling \$450 million.

Federal tax law requires states using tax-exempt financing to begin paying down these long-term obligations when the state's working capital exceeds a certain level. Working capital is defined as the fiscal year ending balance in the following funds: the state General Fund, the Budget Stabilization Fund, and any Department of Revenue clearing accounts. Repayment is required when working capital exceeds the lesser of the 2 following amounts: 1) the average working capital balance for the 36 months prior to the tax-exempt financing issuance; 2) 5% of General Fund expenditures for the given fiscal year.

For each of the 3 tax-exempt financing agreements entered into since January 1, 2009, ADOA found that no working capital surplus existed for FY 2010. This means the state will not currently be required to begin paying down the outstanding balance on these agreements. (Jack Brown)

ADOA/Treasurer – Report on Reconciliation of General Fund Balance for FY 2010 – Pursuant to A.R.S. § 41-172A and A.R.S. § 35-131F the Office of the State Treasurer and the Arizona Department of Administration (ADOA) are required to submit reports reconciling any difference between agencies in the year-end General Fund balance. ADOA and

the Treasurer currently report FY 2010 year-end General Fund balances (including dedicated subaccounts and excluding claims payable) of \$34.8 million and \$34.5 million, respectively. After final accounting, the unreserved General Fund balance was \$(5.7) million. The difference leaves an unreconciled General Fund balance of \$242,000. ADOA and the Treasurer report that they will continue to try to isolate the source of the difference. (Eric Billings)

Arizona Criminal Justice Commission – Report on State Aid to County Attorneys Fund and the State Aid to Indigent Defense Fund – Pursuant to A.R.S. § 41-2409E, the Arizona Criminal Justice Commission (ACJC) is required to report on the expenditures of monies for the prior fiscal year in the State Aid to County Attorneys Fund and State Aid to Indigent Defense Fund by January 8 of each year.

In FY 2010, the State Aid to County Attorneys Fund received revenues totaling \$973,600. The State Aid to Indigent Defense Fund received revenues totaling \$551,800.

ACJC reports that counties used the monies in 3 main areas: additional staffing, technological purchases, and specialized courts. Additional staffing helps with providing services such as case management and archiving. Technological purchases enhance productivity and case tracking. Specialized courts assist both driving under the influence (DUI) and Drug Courts with random drug testing. ACJC also states that case processing times have not met the Supreme Court guidelines. (James Alcantar)

Department of Public Safety – Quarterly Report on GIITEM – Pursuant to the General Appropriation Act, the Department of Public Safety (DPS) is required to report quarterly on the Gang and Immigration Intelligence Team

Enforcement Mission (GIITEM). In the second quarter of FY 2011, DPS spent or encumbered \$4.2 million of the \$9.2 million appropriation for the direct DPS immigration staff. In terms of local law enforcement grants, DPS spent \$2.3 million of the non-lapsing FY 2010 \$2.6 million appropriation. The \$2.6 million in new FY 2011 local law enforcement grants will be available for use through FY 2012. (Eric Billings)

Department of Public Safety – Quarterly Report on Photo Enforcement – Pursuant to a footnote in the General Appropriation Act, the Department of Public Safety (DPS) is required to report quarterly on the Photo Enforcement program in FY 2011.

Since the inception of the program in September 2008, a total of 1,695,625 Notices of Violation (NOVs) and citations have been issued and 452,147, or 26.7%, have been paid.

DPS ended the photo radar program effective July 15. During the second quarter of FY 2011, 3,359 citations that were issued prior to July 15 were paid.

The NOVs and citations issued by the Photo Enforcement Program generated \$2.9 million in revenue for the second quarter of FY 2011 and \$77.3 million since the program's inception. The General Fund received \$4.2 million in the second quarter, which includes balances from revenue in prior quarters, and \$44.1 million since the program's start. (Eric Billings)

Commission for Postsecondary Education – Report on Postsecondary Education Grant Program – A.R.S. § 15-1855 requires the Commission for Postsecondary Education to report annually on its Postsecondary Education Grant (PEG) program.

Summary of Recent Agency Reports (Continued)

The PEG program provides grants to students attending private postsecondary institutions. The program was launched in March 2007. In FY 2010, a total of \$2.2 million was disbursed to 1,400 grantees representing 20 private postsecondary schools. The PEG application process was temporarily suspended by the Executive for several months in FY 2010.

According to the commission, there was a waiting list of 2,627 unfunded PEG students at the end of FY 2010 due to budget reductions. (Marge Zylla)

Department of Revenue – Report on Temporary Collectors – A FY 2011

General Appropriation Act footnote requires the Department of Revenue (DOR) to report on the results of temporary collectors. Beginning in FY 2010, DOR was appropriated \$3 million from the General Fund for temporary collectors to assist in the collection of already established debt.

DOR reports that through November 2010, 70 temporary collectors have been hired and trained at a cost of \$1.1 million. Through November, DOR estimated that these temporary collectors have generated approximately \$29.8 million in total funds, which resulted in \$20.0 million in additional revenue to the General Fund. It was originally estimated that they would generate a total of \$38.7 million in additional General Fund revenue in FY 2011. (Eric Billings)

January Spending

"January 2011 spending of \$773.7 million was \$(199.0) million lower than January 2010."

January 2011 spending of \$773.7 million was \$(199.0) million lower than January 2010 (See Table 6).

- In January, the Arizona Department of Education spending was \$(63.4) million lower than the prior year. January expenditures were lower due to ADE funding reductions and paying a lower percentage of yearly funding compared to the prior year.
- University spending was \$59.0 million in January, or \$(93.7) million lower than the prior year. The decreased expenditure amount reflects a change in the monthly payment schedule. This year the rollover has been spread out over the course of the fiscal year.
- School Facilities Board spending was \$(19.3) million lower than January of the

prior year. This reflects a change in the timing of debt service payments.

- In January, Department of Economic Security (DES) spending was \$22.4 million, or \$(54.4) million lower than the prior year. The lower expenditure amount reflects operating transfers among agency funds and does not reflect actual expenditures.

Table 6

General Fund Spending (\$ in Millions)

Agency	<u>Jan 11</u>	<u>Change from Jan 10</u>	<u>Year to Date</u>	<u>YTD Change from FY 10</u>
AHCCCS	125.5	25.9	890.3	45.6
Corrections	87.5	(0.6)	535.0	26.8
Economic Security	22.4	(54.4)	456.0	(68.5)
Education	304.4	(63.4)	2,521.5	(195.8)
Health Services	103.9	12.5	340.5	(52.9)
Public Safety	2.1	5.6	31.9	(6.6)
School Facilities Board	0.1	(19.3)	33.4	(68.3)
Universities	59.0	(93.7)	606.1	(28.8)
Leaseback Debt Service	-	-	52.1	52.1
Other	<u>68.8</u>	<u>(11.6)</u>	<u>402.5</u>	<u>(43.7)</u>
Total	773.7	(199.0)	5,869.3	(340.1)

Table 7				
Agency	General Fund Spending (\$ in Thousands)			YTD Change from FY 10
	January 11	Change from January 10	Year-to-Date	
Department of Administration	732.3	(600.1)	13,456.3	1,662.9
Department of Admin Sale/Leaseback D/S	-	-	52,066.9	52,066.9
Office of Administrative Hearings	160.8	27.4	620.5	(38.1)
Department of Agriculture	181.2	(323.0)	5,480.1	(556.6)
AHCCCS	125,255.2	25,937.6	890,261.5	45,628.8
Arizona Commission on the Arts	39.0	(55.6)	414.4	(37.3)
Attorney General	1,097.8	(113.9)	11,680.8	(869.3)
AZ Capital Post Conviction Public Defender	93.9	44.3	424.1	8.8
State Board of Charter Schools	41.1	(1.3)	486.7	11.7
Board of Chiropractic Examiners	-	-	-	(148.0)
Department of Commerce	111.9	(481.4)	2,706.3	355.3
Community Colleges	33,106.6	-	99,319.7	-
Corporation Commission	32.6	10.0	336.0	4.6
Department of Corrections	87,500.7	(671.7)	534,996.2	26,847.4
Board of Cosmetology	-	-	-	(252.0)
AZ Criminal Justice Commission	-	-	-	4.6
AZ State Schools for the Deaf & Blind	2,102.2	(1,999.9)	14,690.3	787.3
Department of Economic Security	22,411.7	(54,435.7)	456,010.2	(68,453.7)
Department of Education	304,365.8	(63,431.3)	2,521,495.5	(195,821.2)
DEMA	1,862.3	509.8	7,312.1	1,612.6
Department. of Environmental Quality	-	(371.5)	0.6	(3,454.7)
DEQ – WQARF	-	-	7,000.0	-
Office of Equal Opportunity	23.8	(7.0)	120.4	(20.1)
State Board of Equalization	81.9	40.8	432.6	2.7
Board of Executive Clemency	48.4	(6.6)	576.3	(99.7)
Department of Financial Institutions	161.7	(20.5)	1,794.9	(424.4)
Department of Fire, Life, Bldg Safety	(8.0)	(129.8)	1,402.2	(260.6)
Office of the State Forrester	352.0	352.0	1,761.4	1,761.4
Board of Funeral Directors	-	-	-	(100.0)
Arizona Geological Survey	93.8	20.7	403.1	(118.6)
Government Information Tech.	37.4	9.1	308.0	17.8
Governor	298.8	(141.0)	4,529.1	(816.6)
Gov. - OSPB	246.2	57.0	1,198.7	(97.0)
Department of Health Services	103,928.2	12,472.0	340,492.8	(52,865.5)
Arizona Historical Society	190.5	(179.3)	4,421.9	1,468.8
Prescott Historical Society of AZ	37.3	(123.3)	376.2	(98.3)
Independent Redistricting Comm.	-	(0.6)	-	(26.1)
Commission on Indian Affairs	3.5	(4.1)	31.3	(39.8)
Department of Insurance	364.6	(0.4)	3,759.6	(119.7)
Judiciary				
Supreme Court	413.80	-619.9	14,656.1	2,748.9
Superior Court	9,468.90	-1,015.2	46,415.6	2,748.9
Court of Appeals	1,442.3	(122.0)	9,831.2	573.7
Department of Juvenile Corrections	3,447.5	(2,584.9)	35,073.1	(9,483.6)
State Land Department	247.6	(1,217.2)	2,198.2	(9,749.7)

Agency	January 11	Change from January 10	Year-to-Date	YTD Change from FY 10
Law Enforcement Merit System	5.0	(6.1)	46.4	(4.4)
Legislature				
Auditor General	1,079.9	(117.0)	11,137.4	945.5
House of Representatives	927.3	83.3	7,647.6	(204.6)
Joint Legislative Budget Comm.	114.0	(30.2)	1,342.3	(146.0)
Legislative Council	302.0	(113.7)	3,053.0	(332.6)
Senate	562.3	(51.5)	5,365.9	(219.1)
Department of Liquor Licenses	-	-	3.2	(736.6)
Board of Medical Student Loans	-	(21.2)	343.8	(423.4)
Mine Inspector	74.3	(30.6)	741.0	(107.6)
Department of Mines & Mineral Resources	20.9	(1.6)	793.1	363.6
Nav. Streams & Adjudication	6.2	(0.6)	96.8	2.5
OSHA	-	-	-	(7.8)
Board of Osteopathic Examiners	-	100.0		
Arizona State Parks Board	-	-	20,000.0	(1,900.3)
Pioneers' Home	141.2	141.2	817.2	817.2
Board of Psychologist Examiners	-	-	25.0	(275.0)
Comm. for Postsecondary Ed.	-	-	610.4	(761.7)
Department of Public Safety	2,054.9	5,622.0	31,863.7	(6,606.6)
Arizona Department of Racing	133.2	(470.6)	3,301.3	(601.5)
Radiation Regulatory Agency	324.7	29.2	1,022.3	(44.5)
Arizona Rangers Pension	1.2	-	8.2	0.1
Real Estate Department	128.3	(31.7)	1,913.8	(364.2)
Department of Revenue	5,886.1	(2,421.9)	26,149.8	2,622.3
School Facilities Board	138.2	(19,304.9)	33,391.9	(68,250.7)
Secretary of State	619.8	(97.5)	10,736.8	4,428.9
Tax Appeals Board	14.9	(11.3)	167.5	(4.3)
Office of Tourism	-	-	-	(200.0)
Department of Transportation	5.5	1.1	25.1	(12.2)
State Treasurer	-	(1,729.7)	-	(3,292.7)
Universities				
Board of Regents	2,881.0	(2,603.3)	13,454.5	(6,333.4)
Arizona State University	25,400.9	(41,251.6)	268,383.8	(10,198.4)
Northern Arizona University	8,551.9	(13,888.5)	90,357.0	(3,425.4)
University of Arizona	22,135.0	(35,947.8)	233,874.3	(8,876.3)
Veterinary Medical Examiners Board	-	-	-	(250.0)
Department of Veteran Services	486.3	(355.6)	7,048.2	2,153.7
Department of Water Resources	1,461.0	104.6	4,597.2	(6,173.7)
Department of Weights & Measures	109.5	4.5	691.6	(101.3)
Other	182.0	2,557.7	1,793.6	(17,401.3)
Grand Total	773,722.8	(199,019.8)	5,869,344.6	(340,138.0)